



Project Power - Commercial Electrical Contractor

Teaser

Our client is a Midwest-based electrical contractor specializing in repair, retrofit, and installation services to commercial and residential customers throughout its service area. Known for its expertise in commercial lighting/electrical services, complex residential electrical repairs, new construction design/installation, preventative maintenance, and generator installations, the Company has developed a reputation for quality and on time completion of jobs. R.L. Hulett has been retained as exclusive financial advisor to explore strategic alternatives for the business, including a potential sale. Ownership is seeking a buyer who recognizes the value of the business and who is interested in continuing to build on the platform developed over many years.

Exceptional Margins Outperforming Industry¹

Averages: From 2019 - 2024, the Company achieved gross profit margins averaging 30.1%, and EBITDA margins ranging between 9.4% and 20.1%. The reported profit margins have consistently averaged well above industry averages. These robust margins reflect the Company's ability to save on labor costs bolstering profitability.

Re-occurring & Diversified Revenue Stream: The Company has a re-occurring revenue stream given their long-standing relationships with customers and GCs and maintains a balanced job mix with smaller ticket sizes which reduces their reliance on a few large projects. The Company's top 10 completed projects for 2024 were for 7 distinct customers. Of these, 4 have been long-term clients for at least 6 years and 1 for more than 3 years.

	Years ended December 31,					
	2019	2020	2021	2022	2023	2024
(in Thousands \$'s)						
Net Sales	\$3,688	\$3,660	\$3,483	\$4,793	\$5,425	\$5,943
Revenue Growth		-0.8%	-4.8%	37.6%	13.2%	9.5%
Cost of Goods Sold	<u>2,527</u>	<u>2,692</u>	<u>2,633</u>	<u>3,291</u>	<u>3,530</u>	<u>4,052</u>
Gross profit	1,161	968	851	1,502	1,896	1,891
Gross Profit Margin	31.5%	26.4%	24.4%	31.3%	34.9%	31.8%
SG&A Expenses	<u>736</u>	<u>703</u>	<u>793</u>	<u>790</u>	<u>927</u>	<u>964</u>
Operating Income	425	265	58	712	969	927
Operating Profit Margin	11.5%	7.2%	1.7%	14.8%	17.9%	15.6%
Other Income (Expense)	<u>25</u>	<u>13</u>	<u>231</u>	<u>(2)</u>	<u>14</u>	<u>102</u>
Net Income	450	278	290	709	983	1,030
Interest (Income) Expense	4	3	3	3	9	10
Depreciation & Amortization	<u>39</u>	<u>65</u>	<u>78</u>	<u>75</u>	<u>97</u>	<u>123</u>
EBITDA, as adjusted	<u>\$ 493</u>	<u>\$ 346</u>	<u>\$ 370</u>	<u>\$ 787</u>	<u>\$1,088</u>	<u>\$1,163</u>
EBITDA Margin	13.4%	9.4%	10.6%	16.4%	20.1%	19.6%

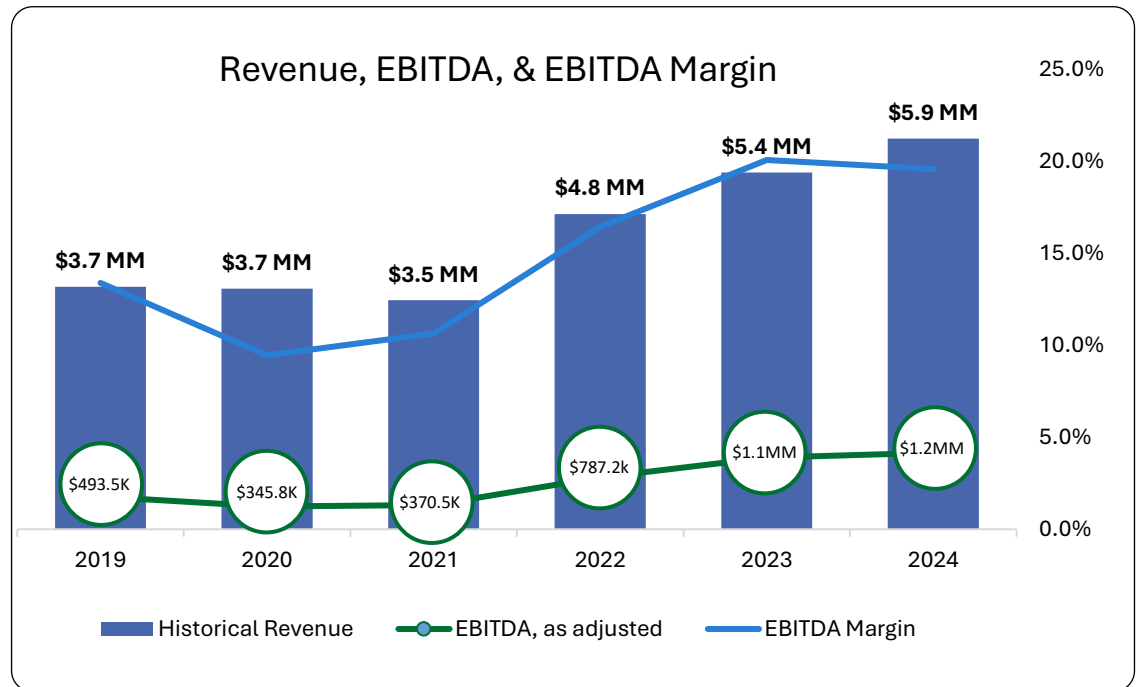
¹ According to the Electricians in the US report published by IBIS World in November 2024, the 5-year average gross profit margin for Electrical contractors is 27.9% and the average net profit margin is 5.4%.

Industry Tailwinds: As AI continues to expand, its soaring power demand is placing significant pressure on existing electrical infrastructure. Data centers, which are critical for AI processing, consume vast amounts of energy, further straining the grid. In response, utilities and policymakers are working to modernize the grid, integrate renewable energy, and enhance efficiency to accommodate these rising needs. Electrical contractors play a key role in this transformation, focusing on infrastructure upgrades, reliability improvements, and sustainable energy solutions to support the evolving demands of AI technology.

Experienced Workforce: Backed by an experienced team with decades of knowledge & experience in estimating and project management, the Company has built a consistent track record of completing high-quality electrical projects.

Reputation for Quality: Known for their personalized service, meticulous quality control, and a customer-centric approach, the Company has fostered long-standing relationships with key board members of the surrounding local counties, utility companies, politicians, and business owners who refer them for electrical jobs. Additionally, word of mouth brings in a surplus of residential opportunities.

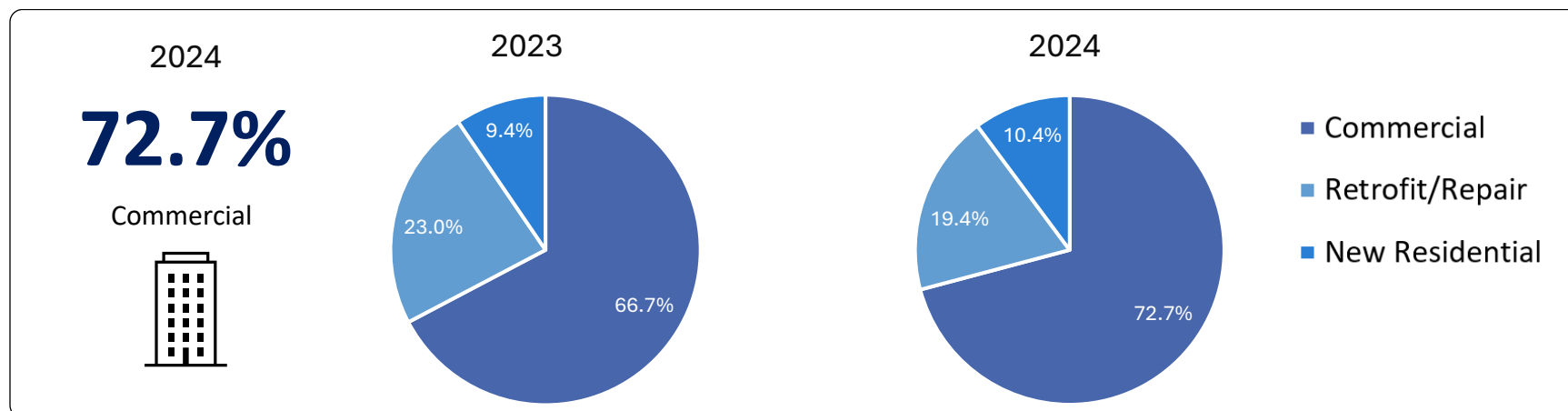
Surplus of Critical Materials: Many materials used by electrical contracts are mission critical and have substantial lead times. The Company strategically stocked up on essential materials, enabling them to begin each project immediately without delays. Meter cans, a critical component with an 8-month lead time, are vital for larger commercial projects and are one of the components the Company has in surplus. When bidding, the Company highlights in their disclaimer that all essential components are already on hand, while many competitors must disclose extended lead times for key materials.



Revenue by End Market

(In \$'s)

	Years ended December 31,											
	2019	% of Rev	2020	% of Rev	2021	% of Rev	2022	% of Rev	2023	% of Rev	2024	% of Rev
Net Sales	\$ 3,688,206	100.0%	\$ 3,660,246	100.0%	\$ 3,483,461	100.0%	\$ 4,793,275	100.0%	\$ 5,425,342	100.0%	\$ 5,943,335	100.0%
Revenue by Category												
Commercial	2,037,565	55.2%	1,579,964	43.2%	1,362,706	39.1%	2,114,676	44.1%	3,619,603	66.7%	4,320,142	72.7%
Retrofit/Repair	316,299	8.6%	582,289	15.9%	602,264	17.3%	1,713,491	35.7%	1,247,031	23.0%	1,155,353	19.4%
New Residential	421,159	11.4%	1,103,434	30.1%	354,330	10.2%	965,110	20.1%	512,493	9.4%	620,750	10.4%
Total	\$ 2,775,022	75.2%	\$ 3,265,687	89.2%	\$ 2,319,300	66.6%	\$ 4,793,278	100.0%	\$ 5,379,127	99.1%	\$ 6,096,245	102.6%
Reconciliation to P&L												
Unclassified Revenue	913,184	24.8%	394,559	10.8%	1,163,910	33.4%		0.0%		0.0%		0.0%
Investment income		0.0%		0.0%	251	0.0%		0.0%		0.0%		0.0%
Over/Underbillings		0.0%		0.0%		0.0%		0.0%	42,912	0.8%	(152,910)	-2.6%
Other		0.0%		0.0%		0.0%	(3)	0.0%	3,303	0.1%	(0)	0.0%
Total	\$ 3,688,206	100.0%	\$ 3,660,246	100.0%	\$ 3,483,461	100.0%	\$ 4,793,275	100.0%	\$ 5,425,342	100.0%	\$ 5,943,335	100.0%





Contact Us

If you are interested in learning more about this opportunity, please complete and sign the Confidentiality Agreement ("CA"), and return it via e-mail. Upon receipt of the signed CA, we will follow up with more information on the transaction opportunity. Please direct all questions and communications through the RLH team members listed below.

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